



**COUNTY OF LOS ANGELES  
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January 16, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

SUBJECT: **COMMUNITY AND SENIOR SERVICES – REVIEWS OF WORKFORCE  
INVESTMENT ACT (WIA) SERVICE PROVIDERS – FISCAL YEAR  
2010-11 SUMMARY REPORT**

At the request of Community and Senior Services (CSS), we completed program, fiscal, and administrative contract compliance reviews of all 29 WIA Formula, and American Recovery and Reinvestment Act (ARRA) Program service providers. The WIA Formula Programs assist individuals in obtaining employment, retaining their jobs, and increasing their earnings. The WIA ARRA Program supplemented the WIA Formula Worker Program.

CSS paid the 29 contractors a total of approximately \$32 million on a cost-reimbursement basis for Fiscal Year (FY) 2010-11. Our reviews covered a sample of transactions for each service provider from FY 2010-11.

**Results of Reviews**

We identified \$687,622 in questioned costs billed to the WIA Programs by various providers. Specifically:

- Nineteen (66%) of the 29 contractors did not maintain proper documentation to support a total of \$501,693 in expenditures.
- Ten (34%) contractors had a total of \$74,540 on their final close-out invoices that did not reconcile to their accounting records.

- Four (14%) contractors billed CSS a total of \$96,361 in unallowable expenditures.
- Nine (31%) contractors billed CSS a total of \$15,028 in payroll expenditures that were unsupported, or were billed to CSS based on budget, not actual hours worked.

The questioned costs for each service provider are detailed in Attachment I.

In addition, we noted that some WIA service providers did not comply with all WIA and County contract requirements. Specifically:

- Twenty (69%) contractors did not accurately report Program participant information or activities on the Job Training Automation System, or properly maintain participants' case files as required.
- Sixteen (55%) contractors did not always maintain adequate internal controls, or comply with WIA requirements. For example, the contractors did not post the required equal employment opportunity signs, follow their procurement policies, or have two signatures on all checks.
- Eight (28%) contractors did not report accruals accurately to CSS as required.

Attachment II summarizes the contract compliance issues noted in our reviews.

### **Review of Reports**

We discussed our reports with CSS and each WIA service provider. CSS management indicated they will resolve the remaining questioned costs and contract compliance issues in accordance with their Resolution Procedures Directive.

CSS and the contractors have resolved \$540,604 (79%) of the questioned costs, leaving a balance of \$147,018 (\$687,622 - \$540,604). In addition, the contractors indicated they have implemented 145 (90%) of the 161 recommendations from our reports. CSS will continue to work with the contractors to resolve the remaining costs and outstanding audit recommendations.

Because of the number of service providers, we have not attached copies of the individual reports. However, copies of the reports are available for your review upon request. Please call me if you have any questions, or your staff may call Don Chadwick at (213) 253-0301.

WLW:JLS:DC:EB:ku

Attachments

- c: William T Fujioka, Chief Executive Officer  
Cynthia D. Banks, Director, Community and Senior Services  
Public Information Office  
Audit Committee

Community and Senior Services  
WIA Contract Reviews – Summary of Questioned Costs  
FY 2010-11

Attachment I

#	Service Provider	Contract Amount (Rounded)	No. of Recommendations	No. of Recommendations Implemented	No. of Recommendations Outstanding	Total Questioned Costs Reported	Questioned Costs Collected or Resolved	Questioned Costs Outstanding
1	Antelope Valley Workforce Development Consortium	\$ 1,608,000	2	2	0	\$ -	\$ -	\$ -
2	Arbor Education & Training, LLC – East Los Angeles & Business Center Project	\$ 1,169,000	0	0	0	\$ -	\$ -	\$ -
3	Arbor Education & Training, LLC – Florence Firestone Employment Resource Center	\$ 634,000	0	0	0	\$ -	\$ -	\$ -
4	Asian American Drug Abuse Program, Inc.	\$ 31,000	2	2	0	\$ 2,516	\$ 2,516	\$ -
5	Career Partners (West San Gabriel Valley	\$ 1,600,000	10	6	4	\$ 61,749	\$ 32,609	\$ 29,140
6	Catholic Charities of Los Angeles, Inc.	\$ 1,486,000	5	5	0	\$ 1,621	\$ 1,621	\$ -
7	Chicana Service Action Center, Inc.	\$ 616,000	6	6	0	\$ 8,712	\$ 8,712	\$ -
8	City of Compton – Compton CareerLink	\$ 610,000	9	9	0	\$ 12,597	\$ 12,597	\$ -
9	City of Palmdale	\$ 823,000	9	9	0	\$ 9,691	\$ 9,691	\$ -
10	Comprehensive Community Services of South Bay, Inc., formerly Communities in Schools	\$ 310,000	4	4	0	\$ 1,088	\$ 1,088	\$ -
11	Community Career Development, Inc.	\$ 1,000,000	12	12	0	\$ 237,067	\$ 237,067	\$ -
12	Door of Hope	\$ 195,000	6	6	0	\$ 5,795	\$ 5,795	\$ -
13	LA Works (Human Services Consortium of the East San Gabriel Valley)	\$ 3,800,000	5	5	0	\$ 76,970	\$ 76,970	\$ -
14	Goodwill Industries of Southern California – Pomona	\$ 573,000	4	4	0	\$ 1,760	\$ 1,760	\$ -
15	Goodwill Industries of Southern California – El Monte	\$ 2,600,000	7	7	0	\$ 27,987	\$ 27,987	\$ -
16	Hub Cities Consortium	\$ 4,100,000	7	6	1	\$ 4,606	\$ 4,606	\$ -
17	Jewish Vocational Service – West Hollywood	\$ 761,000	1	1	0	\$ -	\$ -	\$ -
18	Jewish Vocational Service – West Los Angeles	\$ 582,000	0	0	0	\$ -	\$ -	\$ -
19	Los Angeles Community College District – Los Angeles Mission College	\$ 309,000	9	9	0	\$ 20,195	\$ 20,195	\$ -
20	Los Angeles County Office of Education	\$ 1,034,000	4	4	0	\$ 11,842	\$ 11,842	\$ -
21	Los Angeles Urban League – Pomona	\$ 1,302,000	4	4	0	\$ 25,780	\$ 25,780	\$ -
22	Los Angeles Urban League – South Central	\$ 1,417,000	12	12	0	\$ 29,795	\$ 29,795	\$ -
23	Managed Career Solutions – West San Gabriel Valley	\$ 857,000	12	3	9	\$ 111,858	\$ 14,540	\$ 97,318
24	Managed Career Solutions, Inc – Northeast San Gabriel Valley	\$ 410,000	9	7	2	\$ 20,560	\$ -	\$ 20,560
25	Maravilla Foundation	\$ 284,000	0	0	0	\$ -	\$ -	\$ -
26	Mexican American Opportunity Foundation	\$ 169,000	4	4	0	\$ 2,274	\$ 2,274	\$ -
27	Southeast Area Social Service Funding Authority	\$ 3,120,000	8	8	0	\$ 2,202	\$ 2,202	\$ -
28	Special Service for Groups	\$ 362,000	2	2	0	\$ -	\$ -	\$ -
29	Watts Labor Community Action Committee	\$ 85,000	8	8	0	\$ 10,957	\$ 10,957	\$ -
<b>TOTALS</b>		<b>\$ 31,847,000</b>	<b>161</b>	<b>145</b>	<b>16</b>	<b>\$ 687,622</b>	<b>\$ 540,604</b>	<b>\$ 147,018</b>

Community and Senior Services  
WIA Contract Reviews – Summary of Findings  
FY 2010-11

Attachment II

#	Service Provider	No. of Recommendations	Findings									Total Questioned Costs Reported
			A	B	C	D	E	F	G	H	I	
1	Antelope Valley Workforce Development Consortium	2		X								\$ -
2	Arbor Education & Training, LLC – East Los Angeles & Business Center Project	0										\$ -
3	Arbor Education & Training, LLC – Florence Firestone Employment Resource Center	0										\$ -
4	Asian American Drug Abuse Program, Inc.	2		X							\$ 2,516	\$ 2,516
5	Career Partners (West San Gabriel Valley	10	X	X	\$ 8,249	\$ 20,891	X				\$ 32,609	\$ 61,749
6	Catholic Charities of Los Angeles, Inc.	5		X	\$ 1,621		X					\$ 1,621
7	Chicana Service Action Center, Inc.	6		X	\$ 8,712		X	X				\$ 8,712
8	City of Compton – Compton CareerLink	9		X	\$ 12,597		X					\$ 12,597
9	City of Palmdale	9		X	\$ 9,691		X					\$ 9,691
10	Comprehensive Community Services of South Bay, Inc., formerly Communities in Schools	4		X			X		\$ 1,088			\$ 1,088
11	Community Career Development, Inc.	12		X	\$ 237,067		X	X				\$ 237,067
12	Door of Hope	6		X	(1)		X		(1)		\$ 5,795	\$ 5,795
13	LA Works (Human Services Consortium of the East San Gabriel Valley)	5		X		\$ 73,045	X				\$ 3,925	\$ 76,970
14	Goodwill Industries of Southern California – Pomona	4		X			X		\$ 1,760	X		\$ 1,760
15	Goodwill Industries of Southern California – El Monte	7		X	\$ 27,987		X		(1)			\$ 27,987
16	Hub Cities Consortium	7		X	\$ 3,041		X	X	\$ 1,565	X		\$ 4,606
17	Jewish Vocational Service – West Hollywood	1		X								\$ -
18	Jewish Vocational Service – West Los Angeles	0										\$ -
19	Los Angeles Community College District – Los Angeles Mission College	9			\$ 14,565				\$ 5,374	X	\$ 256	\$ 20,195
20	Los Angeles County Office of Education	4			\$ 11,842					X		\$ 11,842
21	Los Angeles Urban League – Pomona	4			\$ 14,997			X	(1)		\$ 10,783	\$ 25,780
22	Los Angeles Urban League – South Central	12	X	X	\$ 17,032	(1)	X	X	\$ 5,241		\$ 7,522	\$ 29,795
23	Managed Career Solutions – West San Gabriel Valley	12		X	\$ 105,526	\$ 2,425		X			\$ 3,907	\$ 111,858
24	Managed Career Solutions, Inc – Northeast San Gabriel Valley	9		X	\$ 13,960		X	X			\$ 6,600	\$ 20,560
25	Maravilla Foundation	0										\$ -
26	Mexican American Opportunity Foundation	4			\$ 1,647		X		(1)		\$ 627	\$ 2,274
27	Southeast Area Social Service Funding Authority	8		X	\$ 2,202			X		X		\$ 2,202
28	Special Service for Groups	2			(1)							\$ -
29	Watts Labor Community Action Committee	8		X	\$ 10,957		X					\$ 10,957
<b>TOTALS</b>		<b>161</b>	<b>2</b>	<b>20</b>	<b>19</b>	<b>4</b>	<b>16</b>	<b>8</b>	<b>9</b>	<b>5</b>	<b>10</b>	<b>22</b>
					\$ 501,693	\$ 96,361			\$ 15,028		\$ 74,540	\$ 687,622

**Code Summary**

- A Did not maintain adequate documentation to support participants' eligibility.
- B Did not accurately report participants' information or activities on the Job Training Automation System, and/or properly maintain participants' case files.
- C Did not maintain adequate documentation to support expenditures, or did not bill accurately.
- D Billed for unallowable and unreasonable expenditures.
- E Did not maintain adequate internal control and/or was not in compliance with WIA and County contract requirements.
- F Did not accurately report accruals.
- G Billed for payroll expenditures that were unsupported, and/or based on budget and not actual hours worked.
- H Did not maintain required documents in employees' personnel files.
- I Final close-out invoices were not supported by the agency's accounting records.

**Footnote**

- (1) Questioned costs were immaterial.